

BP-USAID Form Indonesian Partnership



Indonesian local governments are using new provincial revenues for critical transport needs of remote islands, including use of ferries such as this one berthed at Merauke harbor on West Papua.

WEST PAPUA—When giant gas tankers begin sailing out of the new British Petroleum (BP) Tangguh plant in Indonesia, the company intends to leave behind a well-planned economic boom instead of the “gold rush” chaos that has been left by other large industrial projects in poor countries around the world.

So the oil giant BP, USAID, Britain’s Department for International Development (DFID) and the Indonesian government have become partners in “a new model of development” at the Tangguh project in the “Bird’s Head” region of the Indonesian province of West Papua on the island of New Guinea.

The high-tech gas facility will only employ about 300 people once completed, but under Indonesian law, some 70 percent of the post-tax profit from the gas plant is expected to be returned to the province. BP saw a need to create institutions that could use the post-tax profits to develop forestry, fishing and agriculture, while protecting natural and cultural resources.

“In the uplands, the culture is very fragile and has been exposed to few outside influences,” said BP Senior Advisor Peter Burbridge. “The upland people are from different ethnic and religious groups than the coastal people.”

“In the past, there has been uncontrolled, spontaneous development—like a gold rush,” Burbridge explained at a Global Development Alliance panel at the Advisory Committee on Voluntary Foreign Aid meeting in Washington, D.C., October 9. BP wanted to avoid that kind of chaos and instead see “secondary development spread to other parts of the province without impinging on the rights of local people.”

Currently there is a shortage of skilled local personnel able to allocate effec-

tively this sudden wealth. BP recognized that it had limited capacities to undertake all the tasks required and therefore developed a broad alliance with stakeholders, international donors and the non-governmental organization community to support development and implementation.

So BP has teamed up with USAID and DFID to help train Indonesians to be able to use the new income from the gas plant and yet prevent corruption, environmental damage and social disruption. “This alliance is a wonderful opportunity,” Burbridge said to “focus on expanding the institutional capacity of the government’s human resources.” By working with companies such as BP and other non-traditional development players, U.S. foreign assistance dollars can often have a much larger impact than through direct, bilateral aid. By leveraging outside resources for this alliance, USAID attracts two dollars of private money for every dollar the United States brings to the table. ★

INDONESIA PARTNERSHIP

- ◆ USAID is building the capacity of local civil society to manage environmental resources and generating employment and incomes through agriculture initiatives.
- ◆ BP is funding and implementing community development, developing Tangguh in an environmentally and socially responsible manner, and supporting local economic development through strengthening local businesses and human resources.
- ◆ DFID is promoting sustainable forestry and developing programs to address rural poverty.